**Insertion of section 35 AD in Income Tax Act**

1253. SHRI AMAR SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that with the insertion of section 35 AD in the Income Tax Act, 1961, the operators of gas pipelines were permitted to allow capital expenditure as revenue expenditure;

(b) if so, the number and names of the companies engaged in the operation of gas pipelines, which have been benefited by the insertion of section 35 AD;

(c) the amount of benefit for each of the companies, year-wise;

(d) the total amount of revenue loss to Government by insertion of section 35 AD; and

(e) the manner in which Government proposes to bridge this revenue gap?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred.

(b) and (c) Section 35AD has been inserted in the Income Tax Act with effect from 1.4.2010 for incomes arising in the current financial year. Deductions will be prospectively available to any company which fulfills the necessary conditions.

(d) and (e) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred. This expenditure would otherwise have been allowable to the entity as depreciation in subsequent years. This would result only in the postponement of tax liability. The amendments through annual Finance Bills also contain provisions to enhance or augment revenue collection besides provisions for tax benefits though there cannot be a direct correlation between the two. The Government has undertaken additional revenue generating steps such as increase in the prescribed rate of Minimum Alternate Tax in the Income Tax Act with effect from 1.4.2010.

**Smuggling of imported cars**

1254. DR. JANARDHAN WAGHMARE:
PROF. ALKA BALRAM KSHATRIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether the Directorate of Revenue Intelligence had in the recent past seized a large number of imported cars which were smuggled into the country through legal channels by misrepresenting facts;

(b) if so, the details thereof;

(c) whether the Central Government proposes to ensure steps to prevent such incidents and to take stringent action against the importer; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The details of imported cars which were smuggled into the country through legal channels by misrepresenting facts and seized by Directorate of Revenue Intelligence in the recent past are as below:-

(Rs. in crores)

| Year | No. of seized cars. | Value of seized cars. |
|---|---|---|
| 2008-09 | 24 | 09.00 |
| 2009-10 (up to Oct, 09) | 37 | 21.04 |

(c) and (d) Action under the provisions of the Customs Act, 1962 has been initiated against the importers. All Customs field formations including Directorate of Revenue Intelligence have been sensitized and alerted to prevent smuggling of imported cars into the country through legal channels by misrepresenting facts.

**Credit to agriculture and allied sector**

1255. DR. ABHISHEK MANU SINGHVI: Will the Minister of FINANCE be pleased to state:

(a) whether a target of Rs. 3,25,000 crores has been set in 2009-2010 for credit to agricultural and allied sectors, up from Rs. 2,87,000 crores during 2008-09;

(b) if so, whether a random survey of ten PSU banks has shown that Non Performing Assets (NPAs) of between Rs. 10,000 to Rs. 15,000 crore exist; and

(c) whether any new strategy is being evolved whereby NPAs could be reduced substantially during 2009-10 leaving aside the oft-spoken attitude that banks are striving to contain the level of their gross NPAs within acceptable limits?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes sir. Government of India has set a target of Rs.3,25,000 crore for 2009-10 as against Rs.2,80,000 crores during the year 2008-09 for credit to the agriculture sector.

(b) and (c) The details of bank-wise outstanding advances and Non Performing Assets (NPAs) of Public Sector Banks (PSBs) as at the end of March, 2009 are at given in statement (*See* below). Government of India and Reserve Bank of India (RBI) have put in place a comprehensive legal and institutional framework for recovery of NPAs, which, *inter-alia*, include prudential norms for provisioning and classification of NPAs, guidelines for prevention of slippages, Corporate Debt Restructuring and other restructuring Scheme, One Time Settlement Schemes, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 and the Recovery of Debts due to Banks and Financial Institutions (DRT) Act, 1993. The PSBs manage their NPAs and effect recoveries in these accounts in accordance with their recovery policies and RBI guidelines.